

## Message Text

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PAGE 01     SEOUL 07799 01 OF 02 280924Z

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ACTION STR-04

INFO OCT-01 EA-07 ISO-00 STRE-00 SSO-00 EB-07 L-03 CIAE-00

INR-07 NSAE-00 COME-00 AGR-05 AGRE-00 ITC-01 SP-02

SS-15 NSC-05 NSCE-00 INRE-00 H-02 TRSE-00 EUR-12 /071 W

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O R 280839Z SEP 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 9747

INFO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE SECTION 1 OF 2 SEOUL 7799

PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD KS

SUBJ: MUSHROOMS

SUMMARY: REPUBLIC OF KOREA HAS PROVIDED ASSURANCE THAT IMPORTS OF KOREAN MUSHROOMS TO U.S. DURING 1976-77 CROP YEAR WILL NOT EXCEED 18 MILLION POUNDS, EXCEPT FOR POSSIBLE 500,000 POUND ADDITION AS AN ERROR FACTOR ON SHIPMENTS. END SUMMARY.

1. U.S. NEGOTIATING TEAM AMBASSADOR YEUTTER (STR), RICHARD HEIMLICH (STR) AND JOEL SPIRO (STATE), ASSISTED BY JOHN GREGORY, EMBASSY SEOUL, WAS TODAY PROVIDED ASSURANCES BY ROKG THAT MUSHROOM EXPORTS TO THE U.S. WOULD BE MODERATED DURING REMAINDER OF THIS CROP YEAR (JULY 1, 1976 THROUGH JUNE 30, 1977). ROKG WILL PLAN TO MONITOR SHIPMENTS IN SUCH A WAY AS TO INSURE THAT MUSHROOM ARRIVALS DURING CROP YEAR WILL NOT EXCEED 18 MILLION POUNDS. ROKG ASKED, HOWEVER, FOR AN ERROR FACTOR SINCE IT IS NOT ALWAYS POSSIBLE TO ESTIMATE TIME OF ARRIVAL OF SHIPMENTS. U.S. TEAM AGREED TO THIS, BUT WITH MAXIMUM FLEXIBILITY OF AN ADDITIONAL 500,000 POUNDS.

2. U.S. WILL PROVIDE ROKG WITH MONTHLY IMPORT FIGURES AND,  
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PAGE 02     SEOUL 07799 01 OF 02 280924Z

IN APRIL-MAY, 1977 PERIOD WHEN ROKG MUST MONITOR SHIPMENTS

CAREFULLY TO STAY WITHIN 18 MILLION TOTAL, WEEKLY IMPORT STATISTICS WILL BE PROVIDED BY U.S.

3. INITIAL DISCUSSIONS WERE HELD ON SEPTEMBER 27 WITH AGRICULTURE MINISTER CHOI KA-KYU; ASSISTANT FOREIGN MINISTER FOR ECONOMIC AFFAIRS CHOI HO JOONG; ASSISTANT MINISTER OF AGRICULTURE FOR DEVELOPMENT AND MARKETING HAHM MAN-JUN; ASSISTANT (MCI) MINISTER FOR COMMERCE PARK IL SOO; AND MEMBERS OF THEIR RESPECTIVE STAFFS. THE FINAL MEETING SEPTEMBER 28 WAS CHAIRED BY VICE MINISTER HAHM. ALL SESSIONS WERE HELD IN A MOST CORDIAL AND COOPERATIVE ATMOSPHERE.

4. IN EACH OF THE SEPT. 27 MEETINGS, AMBASSADOR YEUTTER OUTLINED THE ECONOMIC AND POLITICAL IMPLICATIONS OF PRESENT IMPORT LEVELS FROM BOTH KOREA AND TAIWAN. HE NOTED THAT IMPORTS FROM KOREA DURING THE FIRST SEVEN MONTHS OF 1976 WERE 58 PERCENT HIGHER THAN THE COMPARABLE PERIOD IN 1975. IMPORTS DURING JUNE AND JULY WERE AT ESPECIALLY HIGH LEVELS, FAR IN EXCESS OF LEVELS OF PREVIOUS YEARS. THIS HAD CREATED GREAT CONSTERNATION AMONG DOMESTIC PRODUCERS AND CANNERS, WITH PRODUCERS BEING UNSURE ABOUT WHETHER TO PROCEED WITH FALL PLANTINGS AND CANNERS BEING DEEPLY CONCERNED ABOUT THEIR FUTURE FINANCIAL WELL BEING. IN RESPONSE TO THESE CONCERNS, A BILL HAD BEEN INTRODUCED IN THE CONGRESS TO DRASTICALLY RESTRICT MUSHROOM IMPORTS, AND A CONCURRENT RESOLUTION HAD EMERGED FROM THE TRADE SUBCOMMITTEE OF THE HOUSE WAYS AND MEANS COMMITTEE CALLING FOR THE NEGOTIATION OF VOLUNTARY RESTRAINT AGREEMENTS AND, FAILING THAT, THE IMPOSITION OF RESTRICTIONS. IN ADDITION, THE PRESIDENT HAD DECIDED TO ASK FOR A REOPENING OF THE USITC CASE AND HAD FURTHER REQUESTED THE OFFICE OF THE SPECIAL TRADE REPRESENTATIVE TO SEEK ASSURANCES FROM THE REPUBLIC OF CHINA AND THE REPUBLIC OF KOREA THAT THEIR EXPORT SHIPMENTS WOULD BE MODERATED IN THE IMMEDIATE FUTURE.

5. AMBASSADOR YEUTTER EMPHASIZED THAT THE UNITED STATES DOES NOT WISH TO TAKE A PROTECTIONIST STANCE ON MUSHROOMS OR ANY OTHER TRADE ITEM. THE ADMINISTRATION WAS PLEASED WITH THE ADJUSTMENT ASSISTANCE OUTCOME OF THE USITC CASE EARLIER THIS YEAR, AND REGRETTED THE NECESSITY OF ASKING FOR A REOPENING OF THAT CASE BECAUSE OF THE RECENT SURGE OF MUSHROOM IMPORTS.

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PAGE 03     SEOUL 07799 01 OF 02 280924Z

WE RECOGNIZE THAT THE SURGE CAN BE EXPLAINED BY A NUMBER OF FACTORS, AND THAT EXPORTING NATIONS CERTAINLY ARE NOT ENTIRELY AT FAULT FOR THE SERIOUS CONCERNS THAT HAVE EMERGED. U.S. IMPORTERS WERE OBVIOUSLY INVOLVED IN THE SURGE, TOO, AS WERE BASIC SUPPLY AND DEMAND FACTORS FOR WHICH NO ONE CAN BE BLAMED. NEVERTHELESS, ONE MUST DEAL WITH THE REALITIES OF THE PRESENT SITUATION, AND THAT CALLS FOR CALMING TROUBLED WATERS AS SOON AS POSSIBLE.

6. AMBASSADOR YEUTTER POINTED OUT THAT IT WOULD BE MOST HELPFUL TO HAVE ASSURANCES ON KOREAN EXPORT LEVELS THROUGH JUNE 30, 1977. THIS WOULD REDUCE THE IMMEDIATE FEARS OF BOTH PRODUCERS AND CANNERS IN THE U.S., AND WOULD ALSO MINIMIZE THE CHANCES FOR PASSAGE OF HIGHLY RESTRICTIVE LEGISLATION, EITHER THIS YEAR OR EARLY NEXT YEAR. IN ADDITION, IT WOULD CERTAINLY IMPROVE THE ENVIRONMENT IN WHICH THE USITC FINDINGS AND RECOMMENDATIONS WOULD BE MADE IN EARLY 1977, AND IN WHICH THE FINAL PRESIDENTIAL DECISION WOULD BE MADE 60 DAYS THEREAFTER.

7. KOREAN OFFICIALS ALL EXPRESSED CONCERN OVER ADJUSTING THEIR EXPORT PROJECTIONS, SINCE THEY ANTICIPATE AN EXCELLENT FALL CROP OF MUSHROOMS. THEY DID, HOWEVER, INDICATE THEY REALIZED THE IMPORTANCE OF WORKING OUT A MUTUALLY SATISFACTORY SOLUTION, AND THAT CALMING THE SITUATION NOW MAY PREVENT A MORE ADVERSE RESULT AT A LATER DATE. THEY ALSO NOTED THAT THE EUROPEAN COMMUNITY HAD WITHIN THE PAST COUPLE OF DAYS AGREED TO A LOOSENING OF THE RESTRICTIONS THAT HAD BEEN APPLIED AGAINST KOREAN MUSHROOMS. THIS WILL PERMIT SOME DIVERSIFICATION THAT HAD HERETOFORE NOT BEEN POSSIBLE: THEY ALSO SAID THEY WISH AS A MATTER OF POLICY TO DIVERSIFY THEIR EXPORTS TO A CONSIDERABLE DEGREE, THEREBY REDUCING THEIR DEPENDENCE ON THE U.S. MARKET. AT THE SAME TIME THEY EMPHASIZED THAT U.S. PRICES ARE MORE FAVORABLE THAN THOSE ELSEWHERE IN THE WORLD, SO IT IS WITH SOME HESITANCY THAT THEY MUST DIVERSIFY NOW. THEY ALSO SEE U.S. MUSHROOM DEMAND CONTINUING TO INCREASE, AND THEREBY HOPE FOR A REASONABLE EXPANSION OF EXPORTS TO THE U.S. IN THE FUTURE.

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PAGE 01     SEOUL 07799 02 OF 02 280928Z

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ACTION STR-04

INFO OCT-01 EA-07 ISO-00 STRE-00 EB-07 L-03 CIAE-00 INR-07

NSAE-00 COME-00 AGR-05 AGRE-00 ITC-01 SP-02 SS-15

NSC-05 SSO-00 NSCE-00 INRE-00 H-02 TRSE-00 EUR-12

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O R 280839Z SEP 76  
FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 9752  
INFO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE SECTION 2 OF 2 SEOUL 7799

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8. KOREAN DATA ON SHIPMENTS INDICATES THAT APPROXIMATELY 11 MILLION POUNDS OF MUSHROOMS FROM THEIR PAST CROP HAVE ARRIVED IN THE U.S. SINCE JULY 1, 1976 OR WILL ARRIVE BEFORE THE END OF THE YEAR. THIS MEANS THAT THEY WILL BE ABLE TO SHIP ONLY ABOUT 7-8 MILLION POUNDS OF THE FORTHCOMING FALL PACK TO THE U.S. FOR ARRIVAL DURING THE REMAINDER OF THE 1976-77 CROP YEAR. ROKG, WITH SOME RELUCTANCE, AGREED TO THIS LEVEL.

9. U.S. TEAM EXPRESSED WILLINGNESS TO CONSULT ON ISSUE AT ANY TIME BETWEEN NOW AND END OF CROP YEAR, AND TO BE AS HELPFUL AS POSSIBLE IN KEY SHIPMENT PERIOD DURING APRIL AND MAY OF 1977. AMBASSADOR YEUTTER ALSO EMPHASIZED THAT THESE ASSURANCES RELATE ONLY TO THE PRESENT CROP YEAR AND NOT BEYOND. WE HOPE THAT NO SUCH ASSURANCES WILL BE NECESSARY IN SUBSEQUENT CROP YEARS. IN ADDITION, AMBASSADOR YEUTTER EXPLAINED THAT NO COMMITMENTS COULD BE MADE BY US ADMINISTRATION IN VIEW OF REOPENING OF THE USITC CASE.

10. KOREAN OFFICIALS ASKED THAT WE DO EVERYTHING POSSIBLE TO DISCOURAGE PASSAGE OF SCOTT BILL THIS WEEK, IN LIGHT OF THE LIMITED OFFICIAL USE

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PAGE 02     SEOUL 07799 02 OF 02 280928Z

FAVORABLE OUTCOME OF DISCUSSIONS HERE AND IN REPUBLIC OF CHINA. AMBASSADOR YEUTTER REPLIED THAT HE WAS UNAWARE OF PRESENT STATUS OF LEGISLATION SINCE U.S. TEAM HAD BEEN TRAVELING FOR SEVERAL DAYS, BUT THAT RESULTS OF MUSHROOM TALKS WOULD BE IMMEDIATELY CABLED TO WASHINGTON, AND STR WOULD CONVEY RESULTS TO APPROPRIATE MEMBERS OF CONGRESS. HOPEFULLY, THIS WOULD DISSUADE THE CONGRESS FROM ACTING FAVORABLY ON THE AFOREMENTIONED LEGISLATION.

11. ADDITIONAL EXPLANATORY CABLE WILL BE PROVIDED U.S. EMBASSY TAIPEI FOR USE IN FOLLOWUP CONTACTS WITH OFFICIALS ON THE REPUBLIC OF CHINA.

12. PRESENT PLANS ARE FOR TEAM TO ARRIVE IN NEW YORK CITY ON PAN AM FLIGHT 800 DEPARTING TOKYO ABOUT 1800 SEPTEMBER 28. BELIEVE CONNECTIONS IN NEW YORK ARE WITH A NATIONAL AIRLINES FLIGHT DEPARTING ABOUT 2130. WOULD APPRECIATE HAVING A CAR AT WASHINGTON NATIONAL AIRPORT ON OUR ARRIVAL.  
STERN

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## Message Attributes

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